

Message Text

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ACTION AGR-10

INFO OCT-01 EUR-12 EA-09 ISO-00 AID-05 CIAE-00 COME-00

EB-08 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00

XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 DODE-00 PA-02 PRS-01 L-03

H-02 /119 W

-----010417Z 084557 /20

R 310735Z MAR 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 108

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY TOKYO

USLO PEKING

AMCONSUL HONG KONG

UNCLAS CANBERRA 2226

STATE PASS AGRICULTURE FOR MEEKER AND MCCONNELL

E.O. 11652 N/A

TAGS: EAGR, ETRD, AS

SUBJ: AUSTRALIA CONCLUDES SUGAR SALE TO PRC

1. THE AUSTRALIAN SUGAR BOARD CHAIRMAN ANNOUNCED YESTERDAY THAT AN AGREEMENT HAD BEEN REACHED UNDER WHICH AUSTRALIA WOULD SUPPLY PRC A TOTAL OF 260,000 MT OF BULK RAW SUGAR DURING 1977. ADDITIONAL SALES MAY BE POSSIBLE LATER IN THE YEAR. THIS SALE REPRESENTS A SIZEABLE GAIN OVER THE 225,000 MT SHIPPED TO PRC IN 1976 AND IS WELL ABOVE THE 37,000 MT SHIPPED IN 1975. 78,000 MT OF THE 1977 CONTRACT HAS ALREADY BEEN SHIPPED.

2. AS IS CUSTOMARY WITH THE SUGAR BOARD, THE TERMS AND CONDITIONS OF THE SALE REMAIN CONFIDENTIAL. HOWEVER, IT HAS BEEN REPORTED THAT THE PRICE CONCLUDED BY CSR LTD.(AGENTS FOR UNCLASSIFIED

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THE SUGAR BOARD) WAS ABOUT \$A210 PER MT, ICF. IF THIS IS CORRECT, THE PRICE WOULD BE JUST SLIGHTLY ABOVE THE CURRENT WORLD PRICE OF 129 POUNDS STERLING ON THE LONDON MARKET. THIS PRICE WOULD PROVIDE A SMALL PREMIUM FOR FORWARD SLAES. TOTAL VALUE OF THE SALE WAS ESTIMATED AT ABOUT \$A55 MILLION.

3. ALTHOUGH THE SUGAR WILL BE SHIPPED IN BULK, IT WILL BE

BAGGED ON ARRIVAL AT THE PORT OF WHAMPOA IN THE SOUTH OF CHINA. AUSTRALIA SOLD PRC THIS BAGGING STATION 3 YEARS AGO. BEFORE THIS, STATION WAS CONSTRUCTED, ONLY BAGGED SUGAR COULD BE RECEIVED. AUSTRALIA NO LONGER HAS FACILITIES FOR SHIPPING BAGGED SUGAR. SUGAR BOARD AND CSR LTD. TECHNICIANS HAVE BEEN WORKING WITH THE CHINESE IN HOPES OF INSTALLING BULK RECEIVING EQUIPMENT, BUT PROGRESS HAS BEEN SLOW AND ACTUAL CONSTRUCTION COULD BE A LONG WAY OFF.

4. COMMENT: THE SALE WAS WELCOMED BY THE AUSTRALIAN SUGAR INDUSTRY AS EXPORTABLE SUPPLIES ARE UP SOME 400,000 MT THIS YEAR DUE TO THE RECORD SUGAR HARVEST IN 1976. AUSTRALIA WOULD LIKE TO NEGOTIATE A FIRM, LONG-TERM AGREEMENT WITH PRC FOR FUTURE SALES, BUT SO FAR, IT HAS NOT BEEN SUCCESSFUL.
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